

## LETTERS TO THE EDITOR

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To the Editor—While I would agree with the editor's comments in this issue of *Value in Health* (Pharmacoeconomic Guidelines: Where Do We Go from Here?) that the societal perspective is best aligned with maximizing social welfare, I would argue that other perspectives are important in expanding the use and application of pharmacoeconomic analyses.

I have argued elsewhere that the limited application of cost-effectiveness analysis (CEA) is partly derived from a misunderstanding that it can only inform decision making, not provide a criterion for technology adoption or resource allocation [1]. Properly performed, CEA identifies critical assumptions, areas of uncertainty, and the key factors that determine whether a technology or pharmaceutical agent provides value. However, it does not address other important issues that must be incorporated into resource allocation decisions, such as the distributional consequences of alternative choices. Therefore, it must be embedded within an administrative framework that promotes confidence in the social justice of health care decision making.

Providing decision makers with pharmacoeconomic analyses that adopt their perspectives is an important strategy to enhance their uptake and use. For example, my colleagues and I recently examined the indirect cost of ischemic heart disease from the employer perspective [2]. This analysis showed that the indirect costs are overwhelmingly a result of morbidity costs; this contrasts with the societal perspective, where they are largely a result of mortality costs. This report should provide greater incentive for employers to view provision of health

benefits not just as a business expense but as investment in their human capital—an argument that may be more persuasive than that for enhancing social welfare.

As was noted in the accompanying editorial [3], "Texts on cost-effectiveness analysis . . . remind researchers to . . . select the perspective of the decision maker who will use the analysis." The admonition is an outgrowth of the purpose for analysis of cost of illness, cost-effectiveness, and cost benefit; a tool to improve resource allocation. Whether properly performed or not, pharmacoeconomic analyses (regardless of perspective) can be used to justify resource allocation decisions driven by other considerations, such as financial constraints. Requiring that analyses be performed from a societal perspective is a rather weak counter measure. Instead, we need to focus on transparency of decision making and administrative processes that ensure the deliberative nature and legitimacy of health care decision making.—Marc Berger, MD, Merck & Company, West Point, PA.

### References

- 1 Berger ML. The once and future application of cost-effectiveness analysis. *Jt Comm J Qual Improv* 1999; 25(9):455–61.
- 2 Guico-Pabia C, Murray JF, Teutsch SM, Wertheimer AI, Berger ML. Indirect costs of ischemic heart disease to employers. *Am J Manag Care* 2001;7(1): 27–34.
- 3 Shepard DS. The employer's perspective. *Am J Manag Care* 2001;7(1):85–6.